

Enhancements to Direct PLUS Loan Processing

Overview

Introduction In March 2010, the [StudentLoans.gov Web site](#) was launched to help Direct Loan borrowers manage their Direct Loans. Borrowers can use the [StudentLoans.gov Web site](#) to:

- complete Direct Loan Entrance Counseling (Exit Counseling is not part of the [StudentLoans.gov Web site](#) and is discussed in a separate [March 29, 2010 Electronic Announcement](#))
- complete a Direct Loan Electronic Master Promissory Note (MPN), Direct Subsidized/Unsubsidized and/or Direct PLUS
- view electronic loan correspondence such as disclosure statements
- link to other tools and resources

In addition, Direct PLUS Loan endorser can complete an online Endorser Addendum.

Beginning April 25, 2010, the [StudentLoans.gov Web site](#) will include functionality that allows Direct PLUS Loan borrowers (both parents and graduate/professional students) to complete a request for a Direct PLUS Loan and initiate a credit check online. This document provides details about this new functionality.

Additional Information Additional information about Direct PLUS Loan processing can be found in the [2010-2011 Common Origination and Disbursement \(COD\) Technical Reference](#).

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Direct PLUS Loan Requests

Introduction A new method to process Direct PLUS Loans will be available on the [StudentLoans.gov Web site](http://StudentLoans.gov). This optional process will allow a school to collect information needed to originate a Direct PLUS Loan that is not collected on the Direct PLUS Loan MPN.

As an alternative to a school-based PLUS application process, the Direct PLUS Loan Request for Supplemental Information (Direct PLUS Loan Request) will provide an online tool through which parent and graduate/professional student borrowers can request a Direct PLUS Loan and initiate a credit check.

Note: If a school does not wish to use the Direct PLUS Loan Request process, we will still initiate a credit check upon receipt of the origination record.

Direct PLUS Loan Requests The Direct PLUS Loan Request is a 4-step web form that can be used instead of a school-based paper process. The borrower must sign in to the [StudentLoans.gov Web site](http://StudentLoans.gov) with his or her Federal Student Aid PIN. A borrower who does not have a PIN can request one via the Federal Student Aid PIN Web site.

The four steps are:

1. Personal Information (If the borrower has a previous award, many data fields will be pre-populated)
2. Student & Loan Info
3. Review Application
4. Credit Check & Submit

In addition to providing basic demographic information and completing a credit check, the Direct PLUS Loan Request allows borrowers to provide certain additional information to the school including:

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Direct PLUS Loan Requests, Continued

Direct PLUS Loan Requests (continued)

- *Credit Balance Option* -- Parent PLUS borrowers can indicate whether they want any remaining credit balance to be paid to the parent borrower or to the student.
- *Award Amount Information* -- Borrowers can request a specific amount they wish to borrow, or can request that the school determine the maximum amount they are eligible to receive by selecting the Maximum Amount Indicator.

Note: The Direct PLUS Loan Request process will only be available to borrowers if the school opts to use the process.

School Options

Authorized school or third-party users (user levels 3, 4, and 5) can determine if and how the school uses the Direct PLUS Loan Request process. The following options can be set on the [COD Web site's](#) School Options Information page:

1. Participate in Electronic Parent PLUS Application, Yes or No (Default value is Y)
2. Participate in Electronic Parent PLUS Application Begin Date (Default value is 5/1/2010 for current schools; default value for new schools on or after 5/1/2010 will be set to the current processing date)
3. Parent PLUS Application Response Option, Daily or On Demand (Default value is Daily)
4. Participate in Electronic Grad PLUS Application, Yes or No (Default value is Y)
5. Participate in Electronic Grad PLUS Application Begin Date (Default value is 5/1/2010 for current schools; default value for new schools on or after 5/1/2010 will be set to the current processing date)
6. Grad PLUS Application Response Option, Daily or On Demand (Default value is Daily)

These options are set by the main campus only. The selected options will apply to any additional location associated with that main campus.

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Direct PLUS Loan Requests, Continued

School Options- Participation

A school can opt to use the Direct PLUS Loan request process with its parent borrowers only, its graduate/professional student borrowers only, or both groups of borrowers.

Beginning April 25, 2010, we will default both participation flags to Yes ('Y'). This means any borrower will be able to complete a Direct PLUS Loan Request via the [StudentLoans.gov Web site](#) and select his or her participating school from the drop-down box.

If a school does not want to use the Direct PLUS Loan Request process, it must change both the Participate in Electronic Parent PLUS Application and Participate in Electronic Grad PLUS Application to No ('N') on the [COD Web site's](#) School Options Information page or by calling the COD School Relations Center for assistance.

Note: A school's name will always appear in the drop-down box. However, if a school is not participating, when the borrower tries to select the school during Step 2, he or she will receive the message "The school does not accept that award year."

Direct PLUS Loan requests are award-year specific; this year only 2010-2011 will be available. In the future, a school will be able to determine its participation option by award year. This will allow a school to stop accepting Direct PLUS Loan requests for a given award year. The error message reflects the future state.

School Options- Participation Date

A school can also determine the date that the Direct PLUS Loan Request process is available to its borrowers. The date for a school's parent borrowers can be set independently of the date for its graduate/professional student borrowers.

Beginning April 25, 2010, we will set the default Application Begin Date as 5/1/2010 for both groups of borrowers.

If a school wants to participate in the Direct PLUS Loan Request process prior to 5/1/2010, it can change the date at any time on the [COD Web site's](#) School Options Information page or by calling the COD School Relations Center for assistance.

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Direct PLUS Loan Requests, Continued

**School Options-
School Name**

A borrower can select the school or schools to which he or she wants the information collected during the Direct PLUS Loan request process to be sent. Authorized school or third-party users (user levels 3, 4, and 5) can change how the school name appears in the drop-down box on the StudentLoans.gov Web site.

If a school wants to change its name, it can do so on the [COD Web site's](#) School Options Information page or by calling the COD School Relations Center for assistance.

When changing its name, a school should consider that the list is presented in alphabetical order, but names with all upper case letters will appear before names with mixed case letters. For example, AAA, BBB, CCC, then Aaa, Bbb, Ccc.

Note: Currently, if a school changes its name, the change will be reflected only in the drop-down box for the Direct Loan Electronic MPN process. In the near future, school name changes will also be reflected in the drop-down box for the Direct PLUS Loan Request process and the Direct Loan Entrance Counseling process. We are planning to complete this update on May 2, 2010.

Direct PLUS Loan Request Acknowledgements

Direct PLUS Loan Request Acknowledgement

For participating schools, once a borrower completes the online request, the COD System will send a system-generated Direct PLUS Loan Request Acknowledgement (PLUS Acknowledgement).

A school can use the PLUS Acknowledgement information to populate its system and create awards to send to the COD System.

The PLUS Acknowledgement will provide information collected from the borrower during the request process, including:

- Loan amount requested
- Credit balance disposition
- Credit check results
- Borrower's intentions if he or she does not pass the credit check
- Application ID (which can be used during the Endorser process)

The PLUS Acknowledgement will be sent with a new document type of "SP" to the school's Student Aid Internet Gateway (SAIG) mailbox. The message class is CRSPxxOP, where "xx" is the award year of the request.

The PLUS Acknowledgement will be sent to all schools selected by the borrower during the request process. The borrower can select up to three schools.

PLUS Acknowledgement Receipt Options

A participating school can select how it wants to receive the PLUS Acknowledgement. A school can choose a different method for its parent borrowers and its graduate/professional student borrowers.

- Daily – A school will automatically receive a PLUS Acknowledgement for *any* Direct PLUS Loan Request completed or updated on that day.
 - On Demand – A school will not automatically receive PLUS Acknowledgements for Direct PLUS Loan Requests. The school must log in to the [COD Web site](#) and actively request the PLUS Acknowledgements completed or updated since the last on-demand request (this request is found under the Batch menu).
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Direct PLUS Loan Request Acknowledgements, Continued

**PLUS
Acknowledgement Receipt
Options
(continued)**

Beginning April 25, 2010, we will default the PLUS Acknowledgement option to 'Daily' for both groups of borrowers.

If a school does not want to automatically receive PLUS Acknowledgements, it must change both the Parent PLUS Application Response Option and Grad PLUS Application Response Option to 'On Demand' on the [COD Web site's](#) School Options Information page or by calling the COD School Relations Center for assistance.

**PLUS
Acknowledgement Searches**

PLUS Acknowledgement searches will not be available upon implementation on April 25, 2010. This functionality will be added at the earliest point possible. We will provide updates about the availability of this functionality through the COD Processing Update.

Once available, a school will be able to search for Direct PLUS Loan requests via the [COD Web site's](#) PLUS Application Search screen. A school will be able to search by:

- Application ID
- Student SSN and Name (First or Last)
- Borrower SSN and Name (First or Last)
- Date Range

Please monitor the "Master Promissory Note, Entrance Counseling, and PLUS Search Issues" item in the COD Processing Update for more information about these searches.

**Note for
EDEXpress
Users**

EDEXpress for Windows 2010-2011, Release 2.0 does not include functionality to import the new PLUS Acknowledgement. This functionality will be added to a future release of EDEXpress for Windows 2010-2011, scheduled for May 28, 2010.

Until the functionality is available, we recommend a school continue to originate all Direct PLUS Loans within the EDEXpress software. Please monitor the [IFAP Web site](#) for communications about upcoming software releases.

Direct PLUS Loan Request Processing

Introduction Beginning April 25, 2010, the COD System will begin accepting, storing and acknowledging Direct PLUS Loan requests submitted on the [StudentLoans.gov Web site](http://StudentLoans.gov).

While the COD System will accept and store Direct PLUS Loan request information, *a school must still create and submit the Direct PLUS Loan award for it to be built on the COD System.*

Direct PLUS Loan Request Processing Once a school receives the PLUS Acknowledgement, it can create a Direct PLUS Loan award and submit it to the COD System.

A Direct PLUS Loan award will be built on the COD System when submitted regardless of the credit check decision, as long as the award is submitted with anticipated disbursement records (DRI equal to 'false').

If the Direct PLUS Loan award is submitted with actual disbursements and the credit decision is denied or pending, the award will be rejected. In addition, changes to award information and student or borrower identifiers will be rejected.

New Direct PLUS Loan Edits To support the expanded Direct PLUS Loan acceptance criteria and the processing of new Direct PLUS Loan Requests and Endorser Addenda, several new edits have been added to the COD System and returned to schools in Common Record responses.

COD Reject Edit 179 (Financial Award Amount exceeds Financial Award Amount Requested) will be returned if a school submits a Financial Award Amount and the amount submitted exceeds the Financial Award Amount Requested. The edit will be returned on both origination and disbursement records.

Note: This edit was reinstated because we thought it would be helpful with the new online options for Direct PLUS Loan borrowers and endorsers. We have found that the edit is not as helpful as expected and plan to remove it in the near future. In the meantime, if a school uses the optional Financial Award Amount Requested tag, it must ensure the Financial Award Amount is always less than or equal to requested amount.

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Direct PLUS Loan Request Processing, Continued

**New Direct
PLUS Loan
Edits**
(continued)

COD Reject Edit 180 (Disbursement Release Indicator Set to 'true' for PLUS award with PLUS Credit Decision Status Pending/Declined) will be returned when the Disbursement Release Indicator is set to "true" and there is no approved PLUS Credit Decision Status on file for the loan. An approved PLUS Credit Decision Status must be obtained for a PLUS borrower prior to disbursement.

COD Reject Edit 181 (Invalid identifier change for PLUS award with PLUS Credit Decision Status Pending/Declined) will be returned when a PLUS award without an approved PLUS Credit Decision Status is submitted and one or more student or borrower identifiers (SSN, Date of Birth, or any part of the name) are changed.

COD Reject Edit 182 (Invalid award maintenance for PLUS award with PLUS Credit Decision Status Pending/Declined) will be returned when a PLUS award without an approved PLUS Credit Decision Status is submitted and any award information is changed, unless:

- The Financial Award Amount is reduced to \$0, or
- The Financial Award Amount is reduced to be equal to or less than the Endorser Amount

Note: When reducing the award, all required tags to *originate* an award must be submitted.

COD Warning Edit 183 (PLUS award accepted due to valid Endorser match with PLUS Credit Decision Status Pending/Declined) will be returned when a PLUS award without an approved PLUS Credit Decision Status is accepted because an existing valid Endorser linked to the PLUS award.

COD Warning Edit 184 (Financial Award Amount exceeds Endorser Amount) will be returned when a PLUS award is submitted and is linked to a valid Endorser, but the Financial Award Amount is greater than the Endorser Amount.

Credit Check Processing and Appeals

Introduction Currently, a credit check for a Direct PLUS loan borrower is conducted when a school sends a Direct PLUS loan award to the COD System or submits a credit check request via the [COD Web site](#).

Beginning April 25, 2010, Direct PLUS Loan borrowers will be able to authorize and initiate a credit check via the Direct PLUS Loan Request process on the [StudentLoans.gov Web site](#). It is a required step of the Direct PLUS Loan Request process.

The borrower will receive the results of a borrower-initiated credit check immediately.

- If approved, the borrower is advised to complete a Direct PLUS Loan MPN (unless one is already on file).
- If not approved, the borrower is asked how he or she wants to proceed, such as not pursuing a Direct PLUS Loan, obtaining an endorser, or appealing the credit decision. Regardless of the borrower's choice, a paper Endorser package will always be sent to the borrower. In addition, the borrower can still complete a Direct PLUS Loan MPN.

A school will receive the credit check result and borrower's intentions, if applicable, in the PLUS Acknowledgement. The credit check result will be populated in the Credit Decision Status tag. The borrower's intentions will be populated in the Credit Action Choice tag.

Notes:

1. If a school opts out of the online Direct PLUS Loan Request process, the borrower-initiated credit check process will not be available. As stated earlier, we will initiate a credit check upon receipt of an origination record.
2. Regardless of the method used to complete a credit check (borrower-initiated through Direct PLUS Loan Request process or school-initiated through origination record or online), the credit check decision will be good for **90 days**.

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Credit Check Processing and Appeals, Continued

Daily Credit Check Processing Outage

Each day from 3:30 A.M. to 5:00 A.M. (ET), the credit check processing function will be unavailable in order to complete a system back-up of all credit check data.

A borrower can begin the Direct PLUS Loan Request process during this time and complete all steps except the credit check. The borrower should save the partially completed request *prior to* the credit check step and then return at a later time to complete the process.

Note: If the borrower does not save prior to the credit check step during the outage time, all data completed during that session will be lost and he or she will have to start from the beginning.

Credit Appeals

As noted above, a borrower whose request is not approved based on the results of the credit check will be asked how he or she wants to proceed. One of the choices is to begin the appeal process. To do this, the borrower must select the “I want to provide documentation of extenuating circumstances.” option.

If this option is selected, the borrower will be prompted to provide an e-mail address and both daytime and evening phone numbers. This response will prompt a representative from the Applicant Services Team to contact the borrower and begin the credit appeal process.

The COD System will also automatically generate a package of additional information that will be mailed to the borrower.

Direct PLUS Loan Endorser Addendum and Endorser Processing

Introduction	<p>A new method to process endorser addenda for Direct PLUS Loans is available on the StudentLoans.gov Web site. This functionality allows endorsers to complete an Endorser Addendum online as an alternative to the paper-based process.</p>
Direct PLUS Loan Endorser Addendum	<p>The online Direct PLUS Loan Endorser Addendum is a 4-step web form that can be used instead of the paper process. The endorser must sign in to the StudentLoans.gov Web site with his or her Federal Student Aid PIN. An endorser who does not have a PIN can request one via the Federal Student Aid PIN Web site.</p> <p>The four steps are:</p> <ol style="list-style-type: none">1. Personal Information (If the endorser has a previous award, many data fields will be pre-populated)2. Credit Check3. Terms & Conditions4. Review & Sign <p>Note: The endorser will need the Loan Reference ID as provided by the borrower.</p>
Loan Reference ID for Direct PLUS Loan Endorser Addendum	<p>The Loan Reference ID is a randomly-generated number provided to a borrower via e-mail correspondence when he or she does not pass the credit check. A borrower can also find this number via the StudentLoans.gov Web site by signing in to the Web site and viewing his or her completed Direct PLUS Loan Requests.</p> <p>The borrower must provide this Loan Reference ID to the endorser.</p> <p>A school will receive this number in the PLUS Acknowledgement. It will be populated in the Application ID tag.</p>
Direct PLUS Loan Endorser Processing	<p>On March 27, 2010, the COD System began accepting, storing and acknowledging Direct PLUS Loan Endorser Addenda submitted via the StudentLoans.gov Web site.</p>

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Direct PLUS Loan Endorser Addendum and Endorser Processing, Continued

**Direct PLUS
Loan Endorser
Processing**
(continued)

The endorser can complete an online Endorser Addendum regardless of whether a Direct PLUS Loan award is accepted on the COD System.

- If there is not a matching Direct PLUS Loan on the COD System, we will store the endorser information (assuming the endorser's credit decision is accepted). Once the award is submitted, the COD System will link it to the endorser information.
- If there is a matching Direct PLUS Loan on the COD System, we will link the endorser information to the award.

Note: The COD System will also evaluate whether the financial award amount is equal to or less than the Endorser Amount.
